

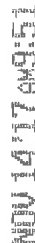
GENERAL COUNSEL'S REPORT

December 13, 2017

D. Parkridge West Hospital, Jasper (Marion County), TN- CN1611-039A

Unanimously approved on 2/22/2017 to increase inpatient psychiatric services by converting 8 of the hospital's existing 50 licensed unstaffed general medical/surgical beds to adult (18+) psychiatric beds, thus increasing the adult psychiatric unit from 20 to 28 licensed beds. The project has been completed.

Request for increase in project cost from \$2,160,808 to \$2,932,627.



511 Union Street
Suite 2300
Nashville, Tennessee 37219

Toll-free (866) 489-8542

BURR.COM

James B. Christoffersen
General Counsel
Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243-0200

Dear Jim:

The CON authorizes the conversion of 8 med-surg beds to 8 psychiatric beds, which will increase the total number of beds in the behavioral health unit (called "Mountainview") to 28 beds. The 8 psychiatric beds were to be housed in a 3,290 square foot addition to an existing free-standing building adjacent to the main hospital building where the current 20 psychiatric beds are located. In addition, the CON authorized the renovation of 8,520 square feet of space in that same building.

It was subsequently determined that the better and more cost effective alternative is to relocate the entire behavioral health unit to the second floor of the main hospital building and utilize existing space, obviating the need for new construction. The second floor of the hospital is currently not being utilized. The proposed new location will allow the entire behavioral health unit to consist of 15,185 square feet rather than the 11,810 square feet originally proposed in the separate Mountainview building. This will allow for better patient flow and more ancillary space, including more patient activity and family visitation space.

While the new location increases the overall project cost, the additional cost is more than off-set by the benefits of having more space available for the unit, and the centralization of services into the main hospital building. The cost benefits that were believed would have been achieved by the original plans decreased significantly as more detailed architectural drawings advanced, which reflected higher than originally projected construction costs, as well as the need

James B. Christoffersen
November 13, 2017
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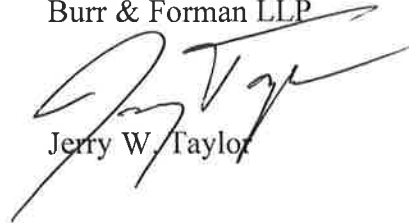
for major MEP (mechanical, electrical and plumbing) upgrades that would have been required to the Mountainview building to support the additional square footage.

Accompanying this letter for your review are (1) a Square Footage and Cost Per Square Foot Chart for the unit on the second floor of the hospital building; (2) a Projected Cost Chart reflecting a comparison of the original plan and the proposed new plan; and (3) a revised floor plan of the behavioral health unit on the second floor of the main hospital building.

If this modification is one that can be approved by the Executive Director, then we request such approval. If not, please place this matter on the agenda for the December 13, 2018 HSDA meeting. Please let me know if you have any questions, or if additional information is needed. It is my understanding the additional application fee is to be paid upon submission of the Final Progress Report that will be filed upon completion of the project. Thank you.

Sincerely yours,

Burr & Forman LLP

A handwritten signature in black ink, appearing to read "J. Taylor", is written over the printed name "Jerry W. Taylor".

Jerry W. Taylor

Project Cost Chart

		Original Submission	Updated Project
A.	Construction and equipment acquired by purchase:		
	Architectural and Engineering Fees	\$ 123,200.00	\$ 238,375.24
	Legal, Administrative, Consultant Fees	\$ 33,000.00	\$ 33,000.00
	Acquisition of Site	\$ -	\$ -
	Preparation of Site	\$ -	\$ -
	Total Construction Costs	\$ 1,517,600.00	\$ 2,242,842.00
	Contingency Fund	\$ 303,520.00	\$ 74,325.35
	Fixed Equipment (Not included in Construction Contract)		\$ 170,206.57
	Moveable Equipment (List all equipment over \$50,000.00)	\$ 130,200.00	\$ 120,590.00
	Other (Specify)	\$ -	\$ -
B.	Acquisition by gift donation, or lease:	\$ -	\$ -
	Facility (Inclusive of building and land)	\$ -	\$ -
	Building Only	\$ -	\$ -
	Land Only	\$ -	\$ -
	Equipment (Specify)	\$ -	\$ -
	Other (Specify)	\$ -	\$ -
C.	Financing Costs and Fees		
	Interim Financing	\$ 53,288.00	\$ 53,288.00
	Underwriting Costs	\$ -	\$ -
	Reserve for One Year's Debt Service	\$ -	\$ -
	Other (Specify)	\$ -	\$ -
D.	Estimated Project Cost (A+B+C)	\$ 2,160,808.00	\$ 2,932,627.16
E.	CON Filing Fee	\$ 15,000.00	\$ 16,863.00
F.	Total Estimated Project Cost (D+E)	Total \$ 2,175,808.00	\$ 2,949,490.16

12. Square Footage and Cost Per Square Footage Chart							
Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Unit 1	Mountainview Treatment Center	8,520 sf	N/A	2 nd Floor – Parkridge West Hospital	15,185 sf	0 sf	15,185 sf
Unit/Department GSF Sub-Total		8,520 sf		15,185 sf	15,185 sf	0 sf	15,185 sf
Other GSF Total		0 sf		0 sf	0 sf	0 sf	0 sf
Total GSF		8,520 sf		15,185 sf	15,185 sf	0 sf	15,185 sf
*Total Cost					\$ 2,242,842	\$ 0	\$ 2,242,842
**Cost Per Square Foot					\$ 147.70/sf	N/A	\$ 147.70/sf
Cost per Square Foot Is Within Which Range <i>(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)</i>					<input checked="" type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile	<input checked="" type="checkbox"/> Below 1 st Quartile
					<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile
					<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile
					<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile

The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

April 25, 2017

Jerry Taylor, Esq.
Burr and Forman
511 Union Street, Suite 2300
Nashville, TN 37219

RE: Parkridge West Hospital - CN1611-039A

Dear Mr. Taylor:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the February 22, 2017 meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "*The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, magnetic resonance imagers, linear accelerators and positron emission tomography.*" "*The survey shall include, but not be limited to, the identification of the equipment and utilization data according to source of payment.*"

The aforementioned forms can be found on the Agency's website at www.tennessee.gov/HSDA. Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA
Ann R. Reed, TDH/HCF
Marthagem Whitlock, TDMHSAS, PRF

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN1611-039A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Parkridge Medical Center, Inc.
One Park Plaza
Nashville, TN 37203

For: Parkridge West Hospital

This Certificate is issued for: The conversion of eight licensed medical surgical beds to eight adult psychiatric beds (for patients 18+). If approved, the total Parkridge West Hospital adult psychiatric inpatient bed total will increase from 20 to 28. This conversion will not increase the licensed bed capacity at Parkridge West (70) which is a satellite of Parkridge Medical Center (621 beds at 5 locations).

On the premises located at: 1000 Highway 28
Jasper (Marion County), TN 37347

For an estimated project cost of: \$2,184,808

The Expiration Date for this Certificate of Need is

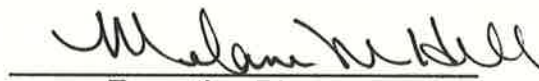
April 1, 2020

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: February 22, 2017


Chairman

Date Issued: April 25, 2017


Executive Director